

Guides with respect to the use of identifying numbers by organizations exempt from Federal income tax under section 501(a) as organizations described in section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested with respect to the use of identifying numbers by organizations exempt from Federal income tax under section 501(a) as organizations described in section 501(c)(3) of the Internal Revenue Code of 1954.

X organization is exempt from Federal income tax under section 501(a) as an organization described in section 501(c)(3) of the Code. X has a number of affiliated divisions, some of which are separate subsidiary corporations and some of which are unincorporated. Most of the divisions also have affiliated separate auxiliary organizations which do not pay wages and are not required to file Federal employment or income tax returns.

Also, the organization's affiliates include a number of benevolent institutions, hospitals, homes, schools, etc., some of which are separate corporations and some of which are not incorporated. These institutions have employees and nonwage-paying trust accounts.

Section 6109 of the Internal Revenue Code of 1954 and section 1.6109-1 of the Income Tax Regulations require, in general, that individuals and organizations must obtain identifying numbers for one or more of three purposes, as follows:

(1) To include the numbers in returns, statements, or other documents made with respect to matters relating to or dealing with their tax liabilities, for periods commencing after December 31, 1961. See section 6109(a)(1) of the Code and section 1.6109-1(b)(1)(i) of the regulations.

(2) To include the numbers on returns, statements, or other documents made with respect to another person for periods commencing after December 31, 1962. See section 6109(a)(3) of the Code and section 1.6109-1(b)(2) of the regulations.

(3) To furnish the numbers to any person making a return, statement, or other document with respect to them for periods commencing after December 31, 1962. See section 6109(a)(2) of the Code and section 1.6109-1(b)(2) of the regulations.

An organization, even though exempt from Federal income tax, which is required to file a return, statement, or document with respect to itself or with respect to another person, in accordance with (1) or (2), above, must obtain an identifying number. Consequently, the organization described above and its affiliated

unincorporated divisions which are required to file Form 941, Employer's Quarterly Federal Tax Return, to report Federal income tax withheld from wages, because they employ one or more individuals, must obtain its own taxpayer identifying number. Any affiliate of the organization which is a separate entity, such as a subsidiary corporation or trust, must obtain its own taxpayer identification number.

In connection with the requirement that an identifying number be obtained for the purpose of furnishing it to another, item (3) above, sections 6042 and 6049 of the Code must be considered. Section 6042 of the Code provides, in general, for the filing of information returns by every person who makes payments of dividends aggregating \$10 or more to any other person during any calendar year. Section 6049 of the Code contains similar provisions with respect to the reporting of interest payments. It thus becomes necessary for the payers of dividends or interest aggregating \$10 or more to any person during the calendar year to obtain identifying numbers from the payees and to include those numbers in their information returns, Form 1099, U.S. Information Return for Calendar Year --, and transmittal Form 1096, U.S. Annual Information Return.

Accordingly, it is further held that, under sections 6042 and 6049 of the Code, any organization, including those which are exempt from Federal income tax, or any affiliated separate entity thereof, which has its own name on the books of the payer from which it receives dividends or interest of \$10 or more during a calendar year, is required to obtain its own identifying number. For example, if a bank has an account on its books in the name of 'The Ladies' Auxiliary of X organization,' the Ladies Auxiliary should obtain an identifying number to furnish to the bank with respect to interest payments and should not use the number of X organization.

Where property of the X organization forms the corpus of a trust, valid under state law, the trustee must obtain an identifying number for the trust and furnish it to the payers of dividends or interest, in those instances where the corpus of the trust is carried on the books of the payer in such a manner as to disclose the trust relationship. However, in those instances where the corpus is carried on the books of the payer in the name of a nominee as record owner without further designation, the nominee must obtain and furnish the payer with his own identifying number. See Revenue Ruling 63-178, page 609 this Bulletin.